

# Examining Budget Credibility in The Gambia's Agricultural Sector

Marr Nyang and Lamin Dibba, Gambia Participates



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# Introduction

Budget credibility refers to the ability of a government to meet its expenditure and revenue targets during the year. A government's budget credibility can be determined by the difference between its approved budget and actual expenditure and revenue in a fiscal year. Budget credibility guarantees the continuity of public development programs and serves as a tool to monitor the capability of public institutions to efficiently implement their budgeted programs.

More than 60 percent of the Gambian populace depend on agricultural crop production for sustenance, and a greater proportion of this population are citizens from poor settlements. Based on the Zero Hunger strategic review by the World Food Programme (WFP), The Gambia can only meet 50 percent of its population's food needs, whereas the other half depends on food products imported from other countries. Moreover, the agricultural sector is largely dependent on manual labor and rainfall. One out of every three Gambian citizens is food insecure, and more than half of the population cannot meet the daily required minimum Kilocalorie (Kcal) intake for a single individual, which is 2400 Kcal (World Food Programme, 2019). Agriculture is considered the "backbone" of The Gambia's economy. However, the growth of the sector has been inconsistent, thus posing socio-economic risks. The Gambia's Ministry of Agriculture (MoA) manages one of the critical sectors that continues to experience budget credibility issues. For example, between 2018 and 2020, the average budget deviation by the MoA was 33 percent, which means the ministry underspent its budget by one-third from 2018 to 2020.<sup>1</sup> The overall purpose of this brief is to analyze the MoA's budget credibility trend from 2017 to 2021, its impact on agricultural sector outcomes, and the causes of expenditure deviations in the sector. The study uses a mixed method approach, including document reviews (budget statements, the macro fiscal template, and expenditure briefs prepared by the Ministry of Finance and Economic Affairs (MoFEA), semi-structured interviews and key informant interviews with officials of the MoFEA's Directorate of Budget and MoA's Department of Planning. The fiscal data used in this brief are derived from the Government Local Fund (GLF).

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1 [Gambia: Budget Credibility and Meeting the SDG Targets \(gambiaparticipates.org\)](https://gambiaparticipates.org)

## Overview of MoA Budget Credibility Trends

Budget deviations from the approved budget between 5 and 10 percent are deemed acceptable according to international standards.<sup>2</sup> Under or overspending above this threshold could impact the growth of a sector and compromise the delivery of approved programs to the public. The Ministry of Agriculture's budget implementation between 2017 and 2021 has been characterized by persistent underspending against the approved budget. The MoA recorded the least budget underspend of 8 percent in FY 2017, with a significant rise in the deviation to 42 percent in 2018. This implies that the ministry spent only 58 percent of its total budget that year. Although the MoA received only 2 percent of the total budget in FY 2020, it received a supplementary budget of D108 million after the revision of the 2020 budget due to the Covid-19 pandemic. Despite this additional funding, the ministry could only spend 57 percent of its total 2020 budget. The continuous underspending of the ministry's allocated budget resources will affect agricultural sector growth, which has been on the decline since 2017 (see Table 1). At this rate of under-execution of the ministry's budget, it will be difficult for the MoA to meet SDG 2 (Zero Hunger) by 2030.

**Table 1: Ministry of Agriculture's Budget Deviations Trend (2017-2021), GLF**

Year	Approved Budget (GMD' million)	Actual Spending (GMD' million)	Deviation (GMD' million)	Deviation %
2017	276	253	-23	-8%
2018	526	304	-222	-42%
2019	442	380	-62	-14%
2020	713	405	-307	-43%
2021	403	334	-69	-17%

Source: Approved Budget 2017, Monthly Expenditure Briefs 2018-2021, Directorate of Budget, MoFEA (GLF only)

<sup>2</sup> According to the Public Expenditure and Financial Accountability Framework (PEFA), 15 percent variation from the approved budget is classified as minimal practice standard, 10 percent as good practice, and 5 percent as best practice. For details, see <https://www.pefa.org/node/4762>

Analyzing the budget deviations by the different spending types; staff wages, goods and services, capital spending and transfers, shows that capital expenditure was heavily under-executed compared to the approved budget. On average, 41 percent of the ministry's capital budget was underspent during the five-year period examined in this brief. This average percentage deviation in the capital budget is five times more than the average percentage deviation in salaries, wages, and allowances, and transfers which both recorded an underspend of 7 percent; and 5 percent for goods and services. By contrast, the highest budget deviations in FY 2017, 2018, and 2021 were recorded in capital expenditures at 60 percent, 82 percent, and 42 percent, respectively. During the five-year period (2017-2021), the MoA underspent its economic classification budget every year except 2020, when the ministry overspent its budget for goods and services by 69 percent. This over-expenditure on goods and services could largely be attributed to the response to the Covid-19 pandemic.

**Table 2: Ministry of Agriculture's Budget Deviations Trend by Economic Classification (2017-2021), GLF**

Expenditure type	2017	2018	2019	2020	2021	Total (2017-2021)
(GMD' million)						
Salaries, Wages & Allowances Budget	58	75	80	80	80	372
Wages & Salaries Expenditure	50	58	76	78	82	343
Deviation Against Budget	-8	-17	-4	-2	2	-29
% of Deviation Against Budget	-13%	-23%	-5%	-3%	3%	-8%
Goods & Services Budget	117	272	206	242	203	1,040
Goods & Services Expenditure	100	151	160	411	161	983
Deviation Against Budget	-17	-121	-46	169	-41	-57
% of Deviation Against Budget	-15%	-45%	-22%	70%	-20%	-5%
Capital Budget	65	119	86	79	64	413
Capital Expenditure	26	21	88	72	37	244
Deviation Against Budget	-39	-98	2	-7	-27	-169
% of Deviation Against Budget	-60%	-83%	2%	-8%	-42%	-41%
Transfers Budget	36	60	62	87	56	302
Transfers Expenditure	45	57	55	68	53	279
Deviation Against Budget	9	-3	-7	-18	-3	-22
% of Deviation Against Budget	25%	-5%	-11%	-21%	-5%	-7%

Source: Approved Budgets 2017 – 2021, Directorate of Budget, MoFEA (GLF only)

## Causes of MoA Budget Credibility Challenges

In an interview conducted for this brief, a key official at the MoFEA attributed the underspending trend at the MoA to “lack of capacity and preparedness in project planning and execution.” In addition to lack of capacity, the MoA continues to receive counterpart-funded projects which the ministry prioritizes over its Government Local Fund (GLF) budget. MoFEA also disburses budget allocations on a monthly or quarterly basis, based on requests made by budget entities, albeit with delays. In addition, the MoFEA disburses funds to budget entities based on the availability of revenue collected by the government during budget implementation. In other words, if the government of The Gambia experiences revenue shortfalls, budget entities are unlikely to receive their total approved budget. Another official at the MoA also highlighted instances in which the ministry will make a budget request to the MoFEA only to have the request declined or delayed due to the unavailability of funds. These challenges adversely impact the execution of the ministry’s budget and set back the expected growth of the agricultural sector.

In addition, delays in disbursement of budget funds also affect the timely implementation of core budget programs at the MoA. For example, the unavailability or delay in budget disbursements affects the conduct of the Cadre Harmonisé survey, which the MoA uses to identify areas and populations at risk of food and nutritional insecurity in The Gambia. Without up-to-date data on the population under risk, the ministry finds it difficult to make informed decisions for allocating resources to address food insecurity in the country.



# Effects of MoA Budget Credibility Trends on the Agricultural Sector

A major consequence of MoA's budget credibility problem is the suspension or delayed implementation of budgeted activities during the fiscal year. Budget activities of the MoA, related to research were either suspended or funded through reallocation from donor-supported projects. For example, the "National Agricultural Sample Survey," intended to assess agricultural sector priorities and guide policy decisions, could not be funded through the national budget, despite its approval in 2021. Consequently, the Ministry of Agriculture collaborated with development partners to implement the delayed budget activity.

Despite the capital budget of MoA always receiving lower budget allocations compared to recurrent expenditure, the effects of the constant under-execution of the capital or infrastructure budget deprives the sector of funds to invest in modern agricultural systems (irrigation services, mechanization services, etc.), to support all-year farming and support agricultural sector growth. The repeated underspending against the approved budget by the MoA could hamper the growth of the sector and efforts towards achieving the Sustainable Development Goal on Zero Hunger (SDG 2). The Gambia's data on SDG trends show that "major challenges" remain in achieving SDG 2, while the trend also shows stagnation rather than improvement.<sup>3</sup>

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<sup>3</sup> [Sustainable Development Report 2023 \(sdgindex.org\)](https://sdgindex.org)

## Recommendations

In view of the significant underspending of the agriculture budget and its negative impact on sector outcomes between 2017 and 2021, this study recommends the following to improve the execution and performance of The Gambia's Ministry of Agriculture budget:

- The Ministry of Finance and Economic Affairs (MoFEA) should disburse allocated funds on time to enable the MoA, along with ministries operating in other critical sectors, to deliver development programs to citizens in a timely and efficient manner.
- Given the MoA's high underspending of the capital budget and the importance of capital programs as drivers to agricultural and economic growth, the National Assembly's Select Committee on Agriculture should engage both the MoFEA and the MoA to ensure capital programs are not affected during budget execution.
- The National Assembly should constantly review the ministry's in-year budget execution against the approved budget and demand explanations from MoA and MoFEA regarding spending deviations during the fiscal year.
- The Ministry of Agriculture (MoA) should provide disaggregated reporting on budget execution compared with allocations, performance against non-financial targets (approved programs and activities) and provide adequate reasons and justifications for budget deviations in the ministry's annual performance reports.

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